

TRADE:

Better Read than Red

In Brazil not long ago, the Czech trade mission took out full-page newspaper ads to trumpet the introduction of miniature Czech-built Skoda automobiles at a price so low it made the price on U.S. cars look outrageous. U.S. sales representatives responded with their own full-page ads noting pointedly that the Skoda cost even less than the normal customs duty on such a car. Since it was a clear case of corruption, the ads hammered away, the U.S. cars would be withdrawn from the market and Brazilians could order all the Skodas they wanted. The resulting government investigation exposed an illicit customs deal, and the Czech trade effort collapsed in disgrace.

By their positive, unified action, the U.S. auto dealers blunted the Communists' economic thrust. So that U.S. businessmen everywhere might profit from the experience, it is a pointed example in a new course, "Nationalism and the Communist Economic Offensive," initiated last month by Arizona's world-famous American Institute for Foreign Trade. Its purpose: To help counter Russia on the cold war's all-important economic battlefield.

Battle Plans "The prime requisite," explained AIFT's tall, white-haired president Carl A. Sauer last week, "is not to be caught unprepared by a Communist demarche against our business interests. This requires thought, planning, and preparation, whether it be how to head off a Communist-inspired strike, a campaign extolling the virtues of a competitive product, or the challenge of a sudden and completely unrealistic undercutting of price."

Both course and school are unique. Founded in 1946 on an abandoned airfield 16 miles out of Phoenix, the non-profit AIFT (which is fully accredited by the University of Arizona) has become the training ground for a business-

style Peace Corps. The purpose of the school is to train internationally minded young college graduates, about 300 each year, in the manners, mores, and customs—public and private—of the countries in which they hope to pursue their professional careers. The curriculum includes classes in selling, marketing, advertising, accounting, management, and international law, plus a heavy schedule of languages. While students' tuition (\$1,390 for the full year) cover a part of the cost, the school is underwritten largely by companies with branches overseas (examples: First National City Bank of New York, Continental Can Co., Inc., Standard Oil of New Jersey). The result: More than 1,000 AIFT graduates now hold responsible jobs in U.S. business and government operations in 78 countries of the world. About 1,000 more are in similar positions in the U.S.

The new economics course is a practical exercise in cold war tactics.

Winning Ways: A sixteen-week lecture series, it is conducted by three regular instructors with a special guest expert each week. The schedule includes ex-CIA chief Allen Dulles and Ottino Caracciolo, head of the U.S. economic mission to Europe. (Although only 29 students are enrolled in the course, the full student body and all its faculty members are invited to the guest lectures.) The program traces the political and economic development of Russia, then spells out in sometimes distressing detail the Communist takeover technique.

While the method varies, Red strategy most often includes the establishment of an open line of credit under Russia's barter-trade system, selective dumping of surplus commodities at slashed prices, and hit-and-run attacks with drastic loss-leaders designed to ruin the orderly development of markets. "If one tactic doesn't work, they will try another," explained assistant professor Jim Leonard, AIFT's short, hard hitting expert on political science. "To the Communists, that which succeeds is necessarily good."

In even greater detail, however, the anti-Communist program spells out methods of combating the Red system. And this may be done by pointing out the general inferiority of Communist products, the unreliability of supply, the complete lack of service facilities, and the futility of ever seeking restitution or satisfaction for nondelivery, damaged merchandise, or defective performance. Most important, the course stresses the necessity of publicly exposing Russian tactics and motives.

And these theories prove out in practice. In Brazil, a company bought heavy

equipment from both the U.S. and Russia. The U.S. firm sent along an engineer to keep its equipment in shape. The Russians sent no one, and their equipment soon went bad. The Brazilian company has bought nothing further from Russia. In another case, the Communists attempted to sell machine tools in Mexico, long supplied largely by the U.S. Aware of Russian past performance, the U.S. representative there went to his clients and stilled the new competition with one simple question: "Can you picture yourself suing the Communist government?"

Tropically Topical: For all its dead seriousness, the course is conducted against the somewhat incongruous backdrop of olive trees and semitropical shrubbery in Arizona's lush Deer Valley agricultural area. The students looll about in shirt sleeves, and it is often difficult to see how the heavy subject matter can compete against the midwinter sun streaming in through the classroom door. But it is obvious from stu-



Flap: Fingertip control

dent reactions that the message is getting across.

"The Soviets have gained an advantage by playing up resentment against U.S. capitalism. They go in virgins-free of past inequities. If we don't revise this, we're in trouble," said stocky, blond Carl Craft, 22, a Dartmouth graduate. Tom Myers, a 23-year-old graduate of the University of Oklahoma, put it another way: "They [the Russians] have a better chance to beat us economically than militarily. There is a need for people to be forewarned about the Communist economic situation. I'll be better prepared by having taken this course."

President Sauer, who served his apprenticeship in the State Department before joining AIFT in 1950, summed it up: "The enemy, monolithic and invincible as he would like us to think him, has shown major cracks and flaws through which he is vulnerable to attack and defeat. The government can do much, but it cannot do it all."

*Wives of students are admitted to study free of charge, on condition that they, too, will prepare for foreign assignment.